

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SPC-03 SAM-01 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 DODE-00 PA-04 USIA-15 PRS-01 L-03 H-03

DRC-01 /165 W

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R 141255Z FEB 74

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 9840

C O N F I D E N T I A L SANTO DOMINGO 674

E.O. 11652: GDS

TAGS: EAID, EFIN, DR

SUBJECT: OPERATION "EXORCIST"

REF : SANTO DOMINGO 543

1. REFTTEL REPORTED THE BEGINNINGS OF DEBATE AND OTHER ORGANIZED ACTIVITY IN THE DOMINICAN REPUBLIC FOR THE PURPOSE OF EVENTUALLY DELINEATING THE RESPECTIVE ROLES OF THE DOMESTIC AND FOREIGN PRIVATE INVESTMENT SECTORS. AS REPORTED, THE CATALYST OF THIS ACTIVITY HAS BEEN LOCAL UNEASINESS OVER GULF & WESTERN AMERICAS (GWA) EXPANSION INTO AREAS THAT APPEARED TO THREATEN DOMESTIC CAPITAL INTERESTS. THEIR PRINCIPAL SOURCE OF CONCERN HAS BEEN A FINANCE COMPANY, COFINASA,

ORGANIZED AND FIFTY PERCENT OWNED BY GWA WHICH HAS BEEN MAKING LOANS IN THE DOMINICAN PRIVATE SECTOR. ATTRIBUTING DIABOLICAL MOTIVES TO GWA'S INTEREST IN COFINASA, LOCAL CAPITAL INTERESTS STARTED MEETING PRIVATELY TO FORM A GROUP TO COUNTER THE GWA APPARENT THREAT TO THEIR FUTURES AND ENDED UP BY MAKING AN OFFER TO BUY OUT GWA'S INTEREST IN COFINASA. SUCH WAS THE STATE OF COMMON ANXIETY THAT THE BRUGALS AND BERMUDEZ', LONG-STANDING RIVAL RUM PRODUCERS, SAT IN THE SAME MEETING FOR THE FIRST TIME IN MEMORY. DEEPLY SUSPICIOUS OF THE MOTIVES OF THE
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LOCAL CAPITAL GROUP, GWA FOR ITS PART STARTED ARRAYING ITS FORCES TO

COUNTER THE GROUP. GWA BELIEVED THT ALEJANDRO GRULLON, WHO HAD ONCE TRIED TO PURCHASE GWA'S HOLINGS AT LA ROMANA IN A MANNER GW CHAIRMAN BLUDHORN FOUND OFFENSIVE, WAS THE SATAN BEHIND THE DOMINICAN GROUP'S DESIRE TO PURCHASE COFINASA. THE ISSUE BETWEEN GWA AND DOMINICAN CAPITAL

RAPIDLY DETIORATED IN A CLASSIC OF DEMONOLOGY: EACH ATTRIBUTING TO THE

OTHER THE MOST MALEVOLENT OF MOTIVES AND BECOMING INCREASINGLY PERSUADED

THAT ITS RESPECTIVE BACK WAS AGAINST THE WALL.

2. DURING THE PAST SEVERAL WEEKS, T*E AMBASSADOR HAS BEEN LUNCHING SEPARATELY WITH REPRESENTATIVES OF EACH OF THE TWO PARTIES, SERVING AS

A BRIDGE OF COMMUNICATION BETWEEN THEM. FORTUNATELY, JUST AS HIS DIGESTIVE;TRACT WAS ABOUT TO REBEL, HE SUCCEEDED IN ARRANGING A JOINT LUNCHEON BETWEEN THE TWO. PREDICTABLY, THE TWO GROUPS QUICKLY ASCERTAINED

THAT EACH HAD ERRONEOUSLY IMPUGNED THE MOTIVES OF THE OTHER AND THAT THEY HAD MORE IN COMMON THAN OTHERWISE. A BASIS FOR FURTHER DIRECT COMMUNICATION BETWEEN THEM HAS BEEN ESTABLISHED AND THE DEVILS SEEM TO HAVE DECAMPED.

3. COMMENT: WE BELIEVE THAT OUR RESPONSIBILITY FOR PRESERVING AND PROMOTING AMERICAN PRIVATE INVESTMENT HERE IS BETTER SERVED OVER THE LONG RUN IF THE DOMINICAN AND US PRIVATE SECTORS FOCUS UPON THE INTERESTS THAT UN TE RATHER THAN DIVIDE THEM. WE HOPE THAT WHATEVER NEW RULES OF

THE INVESTMENT GAME EMERGE HERE, THEY WILL HAVE BEEN THE RESULT OF CLOSE COORDINATION AND COMMUNICATION BETWEEN THE TWO GROUPS. ACCORDINGLY, WE HAVE BEEN QUIETLY NUDGING THE AMERICAN CHAMBER OF COMMERCE IN THIS DIRECTION. HURWITCH.

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